



## Recommendation for Action

**File #:** 21-2588, **Agenda Item #:** 18.

8/26/2021

### Posting Language

Authorize the negotiation and execution of an amended and restated lease extending the term for 84 months, with one 84-month renewal option, for approximately 7,174 square feet of office space at the Snell Building, Suites 200 and 250, located at 1050 E. 11<sup>th</sup> St., with Eleven East Corp., a Texas non-profit corporation, in an amount not to exceed \$2,307,934.18.

### Lead Department

Office of Real Estate Services.

### Fiscal Note

Funding in the amount of \$161,249 is included in the FY 2020-2021 Budget of Office of Civil Rights. Funding in the amount of \$64,549.86 is included in the FY 2020-2021 Budget of Equity Office. Funding for the remaining lease term is contingent upon available funding in future budgets.

### Prior Council Action:

May 5, 2016, Council authorized a 60-month lease agreement.

### For More Information:

Megan Herron, Office of Real Estate Services, 512-974-5649; Michael Gates, Office of Real Estate Services, (512) 974-5639, Carol Johnson, Office of Civil Rights, (512) 978-1534, Brion Oaks, Equity Office, (512) 974-7979.

### Additional Backup Information:

Authorize the negotiation and execution of an amended and restated lease extending the term for 84 months, with one 84-month renewal option, for an approximate total of 7,174 square feet of office space at the Snell Building (Suite 200 consisting of approximately 3,563 square feet and Suite 250 consisting of approximately 3,611 square feet), located at 1050 E. 11<sup>th</sup> St., with Eleven East Corp, a Texas non-profit corporation, in an amount not to exceed \$2,307,934.18.

The Equal Employment/Fair Housing Office (EE/FHO) of the Human Resources Department had formerly occupied Suite 200 since September 1, 2016. The Office of Civil Rights (OCR) was approved by the Austin City Council in August 2020 as a newly formed department, which provides a centralized entity to enforce civil rights anti-discrimination ordinances and federal statutes. OCR will occupy the entire office space. OCR provides education and outreach to the community, delivers feedback and recommendations to city management involving new and expanded initiatives and programs citywide, and works extensively with local, state and federal partners and stakeholders to ensure that Austinites live free from discrimination and other civil rights violations. OCR works strategically to promote visibility, transparency, accountability, and responsibility.

The Communications & Public Information Office (CPIO) and Equity Office (EO) have co-located office space in Suite 250 since October 1, 2016. Their program expansions have exceeded the shared space. CPIO will

relocate to the City-owned facility at One Texas Center, located at 505 Barton Springs Rd., and EO will remain to occupy the entire suite. EO was created in 2016 to focus on advancing equity in all aspects of City operations. EO works across all City departments and with major institutions, non-profits, and other community organizations working to build capacity and leadership in working from a racial equity lens. This includes both their multiple training offerings, and one-on-one equity consultations. Annually EO trains more than 500 people, and consults on more than 600 different programs, services, and policies brought by City staff and community concerns.

The Snell Building is centrally located to the community that OCR and EO serves, providing proximity and easy access for citizens. The co-location of support services staff in both suites will increase efficiency and facilitate project collaboration. Parking is available to meet the needs of City employees, customers, and clients at no additional charge.

The base rent rate for year one of the proposed amendment will start at \$25.75 per square foot, with annual escalations of 3% per square foot. Annual operating expense charges are currently at \$15.75 per square foot, with estimated annual escalations of 4% per square foot. As an incentive to renew the lease, the landlord shall provide tenant improvement allowance of \$14 per square foot, for a total amount of \$100,436.00.

The cost per square foot is within the market rate per a rent study conducted by a third-party appraiser.

City-owned space is the preferred recommendation for location of City Departments. Due to immediate need and the intended use of the property, a lease extension with a competitive market rental is generally the only immediately available option.

Rent Schedule	Base Rent/SF (3% Annual Escalations)	Annual Base Rent	Operating Expense/SF (Estimate 4% Annual Escalations)	Annual Operating Expense	Annual Base Rent + Annual Operating Expense
9/1/2021 - 8/31/2022	\$25.75	\$184,730.50	\$15.75	\$112,990.50	\$297,721.00
9/1/2022 - 8/31/2023	\$26.52	\$190,254.48	\$16.38	\$117,510.12	\$307,764.60
9/1/2023 - 8/31/2024	\$27.32	\$195,993.68	\$17.04	\$122,210.52	\$318,204.20
9/1/2024 - 8/31/2025	\$28.14	\$201,876.36	\$17.72	\$127,098.95	\$328,975.31
9/1/2025 - 8/31/2026	\$28.98	\$207,902.52	\$18.43	\$132,182.90	\$340,085.42
9/1/2026 - 8/31/2027	\$29.85	\$214,143.90	\$19.16	\$137,470.22	\$351,614.12
9/1/2027 - 8/31/2028	\$30.75	\$220,600.50	\$19.93	\$142,969.03	\$363,569.53
				<b>Total</b>	<b>\$2,307,934.18</b>

**Strategic Outcome(s):**

Economic Opportunity and Affordability.